

Message Text

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51

ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10

OIC-02 AGR-05 L-03 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 INRE-00 SSO-00

NSCE-00 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 /128 W
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O R 071853Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2640

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

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AMEMBASSY ADDIS ABABA

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AMEMBASSY GUATEMALA

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AMEMBASSY TEGUCIGALPA

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AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMCONSUL LUANDA

AMEMBASSY YAOUNDE

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AMEMBASSY BANGUI

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AMEMBASSY LAGOS
AMEMBASSY LA PAZ
USMISSION GENEVA
USMISSION EC BRUSSELS
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AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: ETRD, EAGR, OCON
SUBJECT: NEGOTIATIONS FOR A NEW INTERNATIONAL
AGREEMENT

REF: LONDON 10051

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1. SECOND WEEK OF SPECIAL SESSION OF INTERNATIONAL

COFFEE COUNCIL CONSISTED MAINLY OF BILATERAL CONSULTATION
UNSUCCESSFUL ATTEMPTS BY PRODUCERS TO UNIFY POSITIONS,
PRESENTATION OF UNIFIED CONSUMER STATEMENT OF OBJECTIVES
AND VERY LITTLE PROGRESS TOWARD REACHING PRODUCER/
CONSUMER AGREEMENT ON TEXTS AND MECHANISMS FOR A NEW ICA.
WEEK MARKED BY DEVELOPING CONSUMING COUNTRY CONSENSUS

ON MAIN ELEMENTS OF NEW ICA AND BY TOTAL DISARRAY AMONG PRODUCERS.

2. DESPITE AGREEMENT IN PRINCIPAL AMONG PRODUCERS AND CONSUMERS TO BEGIN DETAILED EXAMINATION OF MAJOR SUBSTANTIVE ISSUES STARTING JULY 1, FORMAL WORKING GROUP SESSIONS WERE FEW AND UNPRODUCTIVE. PRODUCERS PREEMPTED MUCH OF THE TIME AVAILABLE FOR PLENARY MEETINGS WITH CAUCUSES OF THEIR VARIOUS GROUPS REPRESENTING REGIONAL, SUB-REGIONAL, AND COFFEE TYPE (I.E. PRODUCERS OF "OTHER MILDS") INTERESTS. PREDICTABLY, THE PROBLEM WHICH DIVIDES PRODUCERS IS THEIR TOTAL PREOCCUPATION WITH THE BASIC DIVISION OF MARKET SHARES. A PROPOSED NEW FORMULA FOR MARKET SHARES SEEMS TO EMERGE FROM EVERY PRODUCER

GROUP MEETING. OLD RIVALRIES AND ANIMOSITIES AMONG PRODUCERS RESULTING FROM ALLEGATIONS OF PAST WRONG DOINGS ARE VERY CLOSE TO THE SURFACE. IN THIS ATMOSPHERE PRODUCERS AS A GROUP SEEM TO FIND IT DIFFICULT TO DIRECT THEIR ATTENTION TO SERIOUS CONSULTATION ON THE OPERATING MECHANISMS FOR A NEW AGREEMENT.

3. CONSUMERS HAVE SPENT MUCH OF THEIR TIME DISCUSSING AMONG THEMSELVES ALTERNATIVE PROPOSALS FOR A NEW ICA. AS THE VARIOUS APPROACHES ARE CONSIDERED AND STUDIED, A CONSUMER CONSENSUS APPEARS TO BE EMERGING. AT THE REQUEST OF THE CONSUMER CAUCUS, THE U.S. PREPARED A GENERAL STATEMENT OF CONSUMER OBJECTIVES FOR A NEW ICA WHICH WAS UNANIMOUSLY ADOPTED AND FORMALLY PRESENTED TO PRODUCERS AT A WORKING GROUP MEETING JULY 5. STATEMENT WILL BE SENT SEPTEL.

4. PRODUCER REACTION TO THIS CONSUMER INITIATIVE WAS LIMITED OFFICIAL USE

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GENERALLY FAVORABLE, AND SEVERAL OF THE LARGER PRODUCER DELS REQUESTED CONSUMERS TO PREPARE A SECOND PAPER

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INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2641

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

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SPELLING OUT THE MECHANISMS THEY PROPOSED TO MEET THEIR OBJECTIVES. CONSUMERS AGREED TO DO SO EARLY IN WEEK OF JULY 7. U.S. DEL OVER WEEKEND PREPARED A SUMMARY OF ALTERNATIVE MECHANISMS FOR CONSUMER CAUCUS TO CONSIDER LIMITED OFFICIAL USE

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STARTING JULY 7. AT THIS POINT IT APPEARS QUITE POSSIBLE THAT CONSUMERS MAY REACH AGREEMENT ON FAIRLY SPECIFIC OPERATING PROVISIONS FOR NEW ICA WELL BEFORE PRODUCERS CAN AGREE ON MARKET SHARES.

5. U.S.DEL HAS HAD REGULAR BILATERAL CONTACT WITH MAJOR PRODUCERS AND STILL FINDS STRONG WILL TO REACH EARLY AGREEMENT. HOWEVER, THE DIVISIONS AMONG THE MAJOR PRODUCERS ARE SHARP AND MAY BE GROWING. TYPICAL OF THE TYPE OF PROBLEM PRODUCERS ENCOUNTER WAS A REQUEST FROM CAMEROON TO THE EXECUTIVE BOARD TO REVISE ITS EXPORT STATISTICS FOR COFFEE YEARS L968/69 THROUGH 1971/72 TO

REFLECT AN ADDITIONAL 1.3 MILLION BAGS OF COFFEE IT
EXPORTED ILLEGALLY UNDER OLD AGREEMENT. CAMEROON, OF
COURSE, WANTS THE HIGHER FIGURE INCLUDED IN ITS HISTORICAL
BASE FOR QUOTA COMPUTATION. IN AN EXECUTIVE BOARD

MEETING, IT WAS STRONGLY SUPPORTED BY THE OTHER AFRICAN
PRODUCERS AND BY EL SALVADOR (WHICH HOPES FOR SIMILAR
TREATMENT) AND VEHEMENTLY OPPOSED BY BRAZIL, COLOMBIA
AND GUATEMALA.

6. AT BEGINNING OF THIRD AND FINAL WEEK OF NEGOTIATING
SESSION, IT APPEARS UNLIKELY THAT COUNCIL WILL BE ABLE TO
REACH AGREEMENT ON MOST MAJOR ECONOMIC PROVISIONS FOR A
NEW ICA BY JULY 11. CONSUMER SUGGESTIONS JULY 4 TO
MAJOR PRODUCERS THAT A SMALL CONTACT GROUP BE SET UP TO
SEEK SOLUTIONS TO MAIN ISSUES WERE DECLINED BY BRAZIL AND
IVORY COAST AS "PREMATURE". PRODUCERS OBVIOUSLY FEEL
THEY MUST GET OWN HOUSE IN ORDER BEFORE ENTERING SERIOUS
NEGOTIATIONS WITH CONSUMERS. UNLESS BREAKTHROUGH ON
MARKET SHARES COMES EARLY IN WEEK, MAJOR PROGRESS TOWARD
A NEW ICA MAY HAVE TO WAIT UNTIL THE FALL.

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